

State of California
Business, Transportation and Housing Agency
Department of Transportation

Prepared By:
Joan Borucki
Program Manager,
Budgets
(916) 654-4556

POLICY MATTERS
Final Fund Estimate for the 1998 STIP
Information Item
CTC Meeting: January 14-15, 1998

Agenda Item: 4.2 d

ORIGINAL SIGNED BY:

CRAIG L. HOUSE, Deputy Director
Finance
January 1, 1998

FINAL FUND ESTIMATE FOR 1998 STIP

Attached is the 1998 State Transportation Improvement Program (STIP) Fund Estimate (Attachment A), for the Commission's approval. There are no changes to State Highway Account (SHA), Aeronautics Account, Rail Bonds or Toll Bridge Accounts. However, there were some major changes to the Public Transportation Account (PTA).

PUBLIC TRANSPORTATION ACCOUNT

- Caltrans is proposing a \$30.5 million transfer be made in the 1998-99 Budget from the SHA to the PTA for eligible Transit Capital Improvement projects to help cover the deficit anticipated in that Account. However, subsequent to the December meeting, the Department of Finance (DOF) required that 5 percent of the annual revenue should be reserved for economic uncertainties. This creates an additional draw of \$11.7 million.
- At Commission direction, the High Speed Rail Authority support costs and the Intercity Rail and Bus Operations (including Amtrak contract costs) were increased by \$14.3 million and \$21.5 million respectively. This, coupled with the reserve required by DOF, results in the PTA deficit growing from \$20.1 million to \$37.1 million over the six-year FE period. With an additional \$30 million contribution to the Toll Seismic Retrofit Program still required in 2004-05, the deficit will continue to grow.
- The additional revenues transferred from SHA to PTA will now result in funding availability in the first three years of the FE period instead of just the first year. The deficit now occurs after the 2000-01 fiscal year.

RECOMMENDATION

Attachment B outlines various options for the Commission to consider in dealing with the over-obligated condition of the PTA. Most solutions, however, require complex or time consuming actions, such as Commission, DOF or legislative action. The Department recommends working with the Commission staff to bring forward the best option.

The Department recommends the Commission adopt the 1998 STIP FE, with the understanding that solutions will be developed and implemented--with Commission approval--to give the PTA a positive balance throughout the 1998 STIP FE period. The recommended option will be brought back for Commission action prior to adoption of the 1998 STIP.

**1998 Fund Estimate Assumptions
Public Transportation Account**

Senate Bill 45 changed the name of the Transportation Planning and Development Account to the Public Transportation Account and adjusted the funding formula for the State Transit Assistance (STA) program. This legislation eliminates the off-the-top allowance for support costs, and the STA now receives one-half of new revenues providing an increase in STA program funding. The remaining revenues are available to fund support, intercity rail, and State Transportation Improvement Program (STIP) projects.

Revenues

- Fuel consumption is assumed to increase about 2.2 percent per year. The sales tax on gasoline is imposed on the Proposition 111 excise tax increase. Therefore, revenues will increase in parallel with the 2.2 percent consumption increase. The sales tax on diesel increases as a function of both consumption and the price of diesel fuel. This provides an estimated 3.8 percent increase in revenues.
- There is no assumption that the \$91.5 million loan made to the General Fund will be repaid during the forecast period.

Expenditures

- Support costs for Caltrans, the California Transportation Commission, and the Public Utilities Commission are escalated at the Department of Finance rate of 2.2 percent throughout the Fund Estimate period.
- Expenditures for 1997-98 fiscal year are based on the Budget Act of 1997.
- Proposed Intercity Rail funding for 1998-99 fiscal year includes the fifth and sixth Capital Corridor Trains, and a Sacramento-Stockton-Bakersfield extension.
- Prior-year commitments to the Transportation Capital Improvement (TCI) Program are 1995-96, and 1996-97 fiscal year commitments.

Revised Assumptions since December 1997 version:

- A transfer of \$30.51 million from the State Highway Account is included in 1998-99 fiscal year to fund eligible TCI projects.
- A reserve for economic uncertainties equal to five percent of annual revenues is added.
- The revised forecast includes costs for planned service expansions as estimated by Caltrans and Amtrak, with the cost for existing service escalated at 2.2 percent per year.
- The costs for the High Speed Rail Authority are increased to \$3 million in 1998-99, then held constant throughout the forecast period.

PUBLIC TRANSPORTATION ACCOUNT

1998 STIP FUND ESTIMATE

(\$ in thousands)

	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	TOTAL
RESOURCES								
Beginning Reserve	\$32,736	\$17,616	\$30,148	\$13,553	\$1,637	(\$7,897)	(\$16,942)	\$17,616
Sales Tax On Gasoline-Spillover	0	0	0	0	0	0	0	0
Sales Tax On Gasoline-Prop 111	69,000	70,518	72,069	73,655	75,275	76,931	78,624	447,073
Sales Tax On Diesel	123,414	130,000	135,000	140,000	145,000	150,000	155,000	855,000
Transfer to PVEA	(5,137)	0	0	0	0	0	0	0
Transfer to Toll Bridge Retrofit Account	0	(10,000)	(10,000)	(5,000)	(5,000)	(15,000)	(25,000)	(70,000)
Payable to SHA	(30,000)	0	0	0	0	0	0	0
Interest (SMIF)	10,000	7,000	7,000	7,000	7,000	7,000	7,000	42,000
Transfer from SHA for 97-98 TCI	11,741	30,510	0	0	0	0	0	30,510
Transfer from State Highway Account	14,100	13,500	13,700	14,000	14,300	14,600	14,900	85,000
<i>TOTAL RESOURCES</i>	<i>\$225,854</i>	<i>\$259,144</i>	<i>\$247,918</i>	<i>\$243,208</i>	<i>\$238,213</i>	<i>\$225,635</i>	<i>\$213,582</i>	<i>\$1,407,199</i>
STATE TRANSIT ASSISTANCE	\$84,800	\$100,259	\$103,535	\$106,827	\$110,138	\$113,466	\$116,812	\$651,036
Reserve for Economic Uncertainties	\$9,621	\$405	\$327	\$330	\$331	\$333	\$334	2,060
AVAILABLE FOR PROGRAM	\$131,433	\$158,480	\$144,056	\$136,050	\$127,744	\$111,836	\$96,436	\$754,103
SUPPORT COSTS								
Rail & Mass Trans Staff & Support	\$17,372	\$17,750	\$18,140	\$18,540	\$18,950	\$19,370	\$19,800	\$112,550
Planning Staff & Support	12,084	12,350	12,620	12,900	13,180	13,470	13,770	78,290
Administration & Technical Services	1,801	1,840	1,880	1,920	1,960	2,000	2,040	11,640
California Transportation Commission	1,284	1,310	1,340	1,370	1,400	1,430	1,460	8,310
Public Utilities Commission	2,414	2,470	2,520	2,580	2,640	2,700	2,760	15,670
High-Speed Rail Authority	1,500	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Institute of Transportation Studies	956	956	956	956	956	956	956	5,736
<i>TOTAL SUPPORT</i>	<i>\$37,411</i>	<i>\$39,676</i>	<i>\$40,456</i>	<i>\$41,266</i>	<i>\$42,086</i>	<i>\$42,926</i>	<i>\$43,786</i>	<i>\$250,196</i>
COMMITTED PROGRAM								
• Prior Years Commitment to the Transit Capital Improvement (TCI) Program	\$11,318	\$11,318	\$11,318	\$3,221	\$0	\$0	\$0	\$25,857
• 1997-98 TCI Program	14,100	14,100	14,100	14,100	13,900	0	0	56,200
• Intercity Rail & Bus Operations	50,988	63,238	64,629	75,826	79,655	85,852	89,745	458,945
<i>TOTAL COMMITTED PROGRAM</i>	<i>\$76,406</i>	<i>\$88,656</i>	<i>\$90,047</i>	<i>\$93,147</i>	<i>\$93,555</i>	<i>\$85,852</i>	<i>\$89,745</i>	<i>\$541,002</i>
FUNDS AVAILABLE FOR PROGRAMMING (cumulative)	\$17,616	\$30,148	\$13,553	\$1,637	(\$7,897)	(\$16,942)	(\$37,095)	(\$37,095)

STATE HIGHWAY ACCOUNT

1998 STIP FUND ESTIMATE

(\$ millions)

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	STIP Total
RESOURCES	\$4,406	\$4,756	\$4,594	\$4,631	\$4,661	\$4,701	\$4,742	\$28,085
STATE OPERATIONS								
State Operations	(\$1,021)	(\$1,043)	(\$1,066)	(\$1,090)	(\$1,114)	(\$1,138)	(\$1,163)	(\$6,614)
State Planning & Research	(36)	(34)	(34)	(35)	(36)	(36)	(37)	(\$211)
State Operations	(\$1,057)	(\$1,077)	(\$1,100)	(\$1,125)	(\$1,149)	(\$1,174)	(\$1,200)	(\$6,826)
SHOPP								
SHOPP	(\$737)	(\$810)	(\$880)	(\$840)	(\$840)	(\$890)	(\$880)	(\$5,140)
Minor	(66)	(67)	(69)	(70)	(72)	(73)	(74)	(\$426)
Total SHOPP Plan	(\$803)	(\$877)	(\$949)	(\$910)	(\$912)	(\$963)	(\$954)	(\$5,566)
• SHOPP - support	(\$253)	(\$266)	(\$295)	(\$294)	(\$302)	(\$292)	(\$274)	(\$1,723)
• Minor - support	(62)	(62)	(60)	(60)	(61)	(62)	(63)	(\$368)
Support - SHOPP/Minor	(\$315)	(\$328)	(\$355)	(\$354)	(\$363)	(\$354)	(\$337)	(\$2,091)
LOCAL ASSISTANCE								\$0
Local Assistance	(\$695)	(\$688)	(\$703)	(\$717)	(\$732)	(\$746)	(\$762)	(\$4,348)
NON-STIP C/O								
State/Local Partnership	(\$200)	(\$200)	\$0	\$0	\$0	\$0	\$0	(\$200)
TSM	(88)	0	0	0	0	0	0	\$0
EEM	(10)	(10)	(10)	(10)	0	0	0	(\$30)
Total SLPP & TSM	(\$298)	(\$210)	(\$10)	(\$10)	\$0	\$0	\$0	(\$230)
• CMAQ & STP - support	(\$20)	(\$35)	(\$23)	(\$9)	(\$13)	(\$9)	(\$1)	(\$90)
OWNER OPERATOR								
• Partnership - support	(\$29)	(\$29)	(\$27)	(\$26)	(\$21)	(\$20)	(\$18)	(\$141)
• Owner Operator - support	(83)	(82)	(81)	(80)	(81)	(82)	(77)	(\$483)
Support - Owner Operator	(\$112)	(\$111)	(\$108)	(\$106)	(\$102)	(\$102)	(\$95)	(\$624)
AVAILABLE FOR PROGRAM	\$1,106	\$1,429	\$1,345	\$1,400	\$1,390	\$1,352	\$1,393	\$8,310
1996 STIP C/O Program Commitments:								
STIP Highway	(\$562)	(\$449)	(\$498)	(\$323)	(\$388)	(\$88)	\$0	(\$1,746)
STIP Transit (RAIL)	(204)	(171)	(77)	(137)	(167)	(12)	0	(\$564)
STIP Right of Way	(162)	(149)	(133)	(61)	(36)	(8)	0	(\$387)
STIP TEA	(76)	(8)	(18)	0	0	0	0	(\$26)
STIP Prop 192 Funded	103	0	0	0	0	0	0	\$0
Total STIP C/O Program Commitments	(\$901)	(\$777)	(\$726)	(\$521)	(\$591)	(\$108)	\$0	(\$2,723)
• 1996 STIP - support	(\$205)	(\$201)	(\$182)	(\$146)	(\$87)	(\$42)	(\$70)	(\$728)
• Reserve for Future 1996 STIP - support							(\$36)	(\$36)
Support - STIP	(\$205)	(\$201)	(\$182)	(\$146)	(\$87)	(\$42)	(\$106)	(\$764)
RESERVES								
Economic Uncertainties and Right of Way	\$0	(\$34)	(\$34)	(\$33)	(\$33)	(\$33)	(\$33)	(\$200)
TOTAL PGM COMMITMENTS	(\$1,106)	(\$1,012)	(\$942)	(\$700)	(\$711)	(\$183)	(\$139)	(\$3,687)
FUNDS AVAILABLE FOR PROGRAMMING	\$0	\$417	\$403	\$700	\$679	\$1,170	\$1,254	\$4,623

AERONAUTICS ACCOUNT
1998 FUND ESTIMATE
(\$ in thousands)

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	TOTAL
RESOURCES								
Beginning Reserves	\$1,719	\$660	\$0	\$0	\$0	\$0	\$0	\$660
Aviation Gas Excise Tax	5,100	5,071	5,045	5,017	4,990	4,963	4,936	30,022
Jet Fuel Excise Tax	1,400	1,428	1,473	1,508	1,547	1,584	1,621	9,161
Interest (SMIF)	400	400	400	400	400	400	400	2,400
Sale of Documents	5	5	5	5	5	5	5	30
Transfer To PTA Account *	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(180)
TOTAL RESOURCES	\$8,594	\$7,534	\$6,893	\$6,900	\$6,912	\$6,922	\$6,932	\$42,093
EXPENDITURES								
State Operations	\$2,573	\$2,630	\$2,688	\$2,747	\$2,807	\$2,869	\$2,932	\$16,673
TOTAL EXPENDITURES	\$2,573	\$2,630	\$2,688	\$2,747	\$2,807	\$2,869	\$2,932	\$16,673
AVAILABLE FOR COMMITTED PROGRAM	\$6,021	\$4,904	\$4,205	\$4,153	\$4,105	\$4,053	\$4,000	\$25,420
LOCAL ASSISTANCE								
• Grants to Local Agencies	\$1,490	\$1,490	\$1,490	\$1,490	\$1,490	\$1,490	\$1,490	\$8,940
• Acquisition & Development	2,471	2,483	0	0	0	0	0	2,483
• Airport Improvement Program match	1,400	1,400	1,400	1,400	1,400	1,400	1,400	8,400
TOTAL LOCAL ASSISTANCE	\$5,361	\$5,373	\$2,890	\$2,890	\$2,890	\$2,890	\$2,890	\$19,823
FUNDS AVAILABLE FOR PROGRAMMING	\$660	(\$469)	\$1,315	\$1,263	\$1,215	\$1,163	\$1,110	\$5,597

* This figure represents the annual transfer to the PTA as required by the PUC Code 21682.5.

PASSENGER RAIL AND CLEAN AIR BOND ACT FUND**PROPOSITION 108**

(\$ in thousands)

Ending 1/31/97

	STIP TOTAL
Resources	
Bond Authorization	\$1,000,000
Support Costs	
Administrative Support	-
Committed Program	
Rail Projects:	
• Intercity	185,632
• Commuter	446,428
• Urban	367,205
Total Committed Program	\$999,265
Reserved for Committed Costs	\$735
AVAILABLE FOR PROGRAMMING	\$0

CLEAN AIR AND TRANSPORTATION IMPROVEMENT BOND FUND**PROPOSITION 116**

(\$ in thousands)

Ending 1/31/97

		STIP TOTAL
Resources		
Bond Authorization		\$1,990,000
Support Costs		
Administrative Support	10,000	
Committed Program		
• Rail Projects	1,480,000	
• Non-Urban County	73,000	
• Competitive Bicycle	20,000	
• Waterborne Ferry Program	29,300	
Approved Applications (1)	\$1,602,300	
Total Committed Program		\$1,612,300
AVAILABLE FOR PROGRAMMING		\$377,700

(1) Of this amount, approximately \$1,407,000 has been allocated.

**VINCENT THOMAS TOLL BRIDGE
PER TRENDS AND EXISTING LAW**

**1998 STIP FUND ESTIMATE
(\$ in thousands)**

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	TOTAL
RESOURCES								
Beginning Reserve	\$11,920	\$12,560	\$0	\$0	\$0	\$0	\$0	\$12,560
Income From Investments	702	754	817	1	38	82	125	1,817
ETC/AVI Acct. Interest	-	0	0	10	20	20	20	70
Toll Revenues	2,622	2,622	2,622	2,622	2,622	2,622	2,622	15,732
<i>TOTAL RESOURCES</i>	\$15,244	\$15,935	\$3,439	\$2,633	\$2,680	\$2,724	\$2,767	\$30,179
EXPENDITURES								
Transfer to Toll Seismic Retrofit	\$0	\$0	\$15,000	\$0	\$0	\$0	\$0	\$15,000
Bridge Operations & Administration	1,738	1,777	1,816	1,856	1,897	1,938	1,981	11,264
ETC/AVI Operations Savings	-	0	0	(90)	(180)	(180)	(180)	(630)
ETC/AVI Operations	0	130	130	140	140	140	140	820
<i>TOTAL EXPENDITURES</i>	\$1,738	\$1,907	\$16,946	\$1,906	\$1,857	\$1,898	\$1,941	\$26,454
AVAILABLE FOR PROGRAM	\$13,506	\$14,028	(\$13,507)	\$727	\$824	\$826	\$826	\$3,725
REHABILITATION TOTAL	(\$946)	(\$409)	(\$100)	(\$100)	(\$100)	(\$100)	(\$100)	(\$909)
FUNDS AVAILABLE FOR PROGRAMMING	\$12,560	\$13,619	(\$13,607)	\$627	\$724	\$726	\$726	\$2,816

SAN DIEGO / CORONADO BRIDGE
*****WITH TRANSFERS TO SANDAG*****

1998 STIP FUND ESTIMATE
(\$ in thousands)

RESOURCES	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	TOTAL
Beginning Reserve	\$8,748	\$9,545	\$0	\$0	\$0	\$0	\$0	\$9,545
Credit Fees / Rental Income	1	1	2	2	2	2	2	9
Income From Investments	525	573	285	269	279	298	318	2,022
ETC/AVI Acct. Interest	-	0	0	10	30	30	30	100
Toll Revenues	5,979	6,039	6,099	6,160	6,222	6,284	6,347	37,150
<i>TOTAL RESOURCES</i>	\$15,250	\$16,158	\$6,385	\$6,441	\$6,532	\$6,614	\$6,697	\$48,826
EXPENDITURES								
Revenue Transfer to SANDAG	\$389	\$0	\$0	\$3,417	\$3,436	\$3,464	\$3,492	\$13,809
Bridge Operations	2,930	2,273	2,323	2,374	2,426	2,480	2,534	14,411
ETC/AVI Operations Savings	-	0	0	(150)	(300)	(300)	(300)	(1,050)
ETC/AVI Operations	0	230	230	240	240	240	240	1,420
<i>TOTAL EXPENDITURES</i>	\$3,319	\$2,503	\$2,553	\$5,881	\$5,802	\$5,884	\$5,967	\$28,589
AVAILABLE FOR PROGRAM	\$11,931	\$13,655	\$3,832	\$560	\$730	\$730	\$730	\$20,237
REHABILITATION TOTAL	(\$3,186)	(\$8,911)	(\$4,093)	(\$400)	(\$400)	(\$400)	(\$400)	(\$14,604)
Rehabilitation funded by Proposition 192	\$800	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FUNDS AVAILABLE FOR PROGRAMMING	\$9,545	\$4,744	(\$261)	\$160	\$330	\$330	\$330	\$5,634

NOTE: SB 60 requires this account to contribute \$33 million to the Toll Bridge Seismic Retrofit Account.

Until SANDAG submits a financial plan to provide for this contribution, it is uncertain how much of the resources available for programming will be needed to fund the contribution.

OPTIONS TO ELIMINATE THE PUBLIC TRANSPORTATION ACCOUNT DEFICIT

1. Switch funding of 1995-96 and/or 1996-97 TCI projects to SHA.

- Fiscal year 1996-97 Transit Capital Improvements (TCI) list contains projects totaling \$24.6 million which should be eligible for Article 19 funds. \$16.2 million has been allocated and \$.2 million has been spent.
- Fiscal year 1995-96 TCI list contains projects totaling \$25.9 million which should be eligible for Article 19 funds. \$20.1 million has been allocated and \$1.7 million has been spent.

If all Article 19 eligible TCI projects (\$50.5 million) from fiscal years 1995/96 and 1996/97 were funded from SHA, this would provide program capacity of \$13.4 million in the PTA.

2. Eliminate old TCI projects to free up encumbered funds.

The following encumbrances were not under contract as of November 28, 1997:

<u>Year</u>	<u>Encumbrance</u>	<u>Resolution</u>	<u>Recipient</u>
1983	\$579,352.73	MT 86-20	PCJPB
1984	1,186,329.86	MT 85-12	PCJPB
1985	1,134,488.00	MT 87-3	PCJPB
1986	11,274.00	MT 87-15	PCJPB
1988	469,805.67	MT 89-26	CT-Intercity
1989	144,188.00	MT 90-5	PCJPB
1991	364,659.82	MFP 93-36	SJ Co.
1991	121,237.87	MFP 90-9	Irvine
TOTAL:	\$4,011,335.95		
1993	\$5,098,061.00	046-2660-125	

If all uncontracted encumbrances older than five years were canceled, this would reduce the fund deficit to \$33.1 million.

3. Delay or cancel planned expansions of intercity rail service.

<u>Fiscal Year</u>	<u>Planned Expansion</u>
2000-01	\$9,774,520
2001-02	\$2,376,129
2002-03	\$4,711,619
2003-04	\$2,376,129

If all planned expansions were cancelled or delayed until after fiscal year 2003-04, \$20.9 million in program capacity would be available.

4. Seek repayment of \$91.5 million loan made to the General Fund. However, this would:

- Require legislation
- Need support of regional agencies

Repayment of this loan would create \$ 54.4 million in programming capacity within PTA.

5. Fund support costs from SHA.

No additional support costs have been identified that can be funded from SHA.

6. Reduce support costs.

An analysis is required to identify any reduction and the impacts to support costs.